

**CITY OF HARRINGTON**  
**AGREED-UPON PROCEDURES ON MUNICIPAL GRANTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**CITY OF HARRINGTON  
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FOR THE YEAR ENDED JUNE 30, 2005**

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Harrington  
106 Dorman Street  
Harrington, Delaware

We have performed the procedures enumerated below, which were agreed to by City of Harrington and the State of Delaware's Office of the Auditor of Accounts, Department of Homeland Security, and the Office of the State Treasurer, solely to assist you with respect to determining the City's compliance with Delaware's applicable laws, regulations, financial reporting and the effectiveness of the internal control structure related to the municipal grant funds received for the year ended June 30, 2005 on Page 3. The City of Harrington's Management is responsible for compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards* (2003) issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants that have been incorporated by *Government Auditing Standards* (2003). The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Document understanding of cash disbursement internal control structure over municipal street aid grant funds from discussion with management and report internal control weaknesses.

During completion of the program checklist, no internal control weaknesses were determined in the internal controls over the municipal street aid grant.

2. Complete the State of Delaware Auditor of Accounts municipal grants agreed-upon procedure program to determine the City's compliance with applicable laws, regulations and financial reports related to municipal grant funds received during the year ended June 30, 2005. Detail any instances of noncompliance.

FINDING NO. 05-1 - During completion of the City of Harrington's program checklist for the municipal street aid grant, it was noted that their financial documents and transactions were administered in accordance with the applicable laws and regulations, and that their financial report submitted to the Office of the State Treasurer was timely, but the financial report was not accurately prepared or reviewed [30 Del. C. §5165(b)(2)]. The total expenditures balance of the bank account was understated by \$ 257.73 as shown on the report. In addition, total ending balance of the bank statement was overstated by \$ 257.73. Failure to prepare accurate financial reports could result in the loss of grant funding.

RECOMMENDATION - The annual report submitted to the Office of the State Treasurer should be more carefully prepared and reviewed to ensure an accurate presentation.

### CITY'S PLAN FOR CORRECTIVE ACTION:

*"The City concurs with the finding. An adjustment has been made to correct this error."*

3. Note all situations or transactions that could be indicative of fraud, illegal acts, material errors, defalcations, irregularities or gross violations of the grant agreements and abuse or misuse of State funds.

During completion of the program checklist, no fraud, illegal acts and violations of provisions of contracts or grant agreements and abuse or misuse of state funds were noted.

4. Prepare the City's Schedule of Municipal Grants received during the year ended June 30, 2005.

See Page 3.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the City's compliance with Delaware's laws and regulations, financial reporting and the effectiveness of the internal control structure related to municipal grant funds. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the City of Harrington's Management and Council Members, Department of Homeland Security, Office of the State Treasurer and Office of Auditor of Accounts, and is not intended to be and should not be used by anyone other than those specified parties. However, under 29 Del. C. §10002(d), this report is a public record and its distribution is not limited.

*Jefferson, Ulan, Doane & Starnes, P.A.*

Georgetown, Delaware  
February 15, 2006

**CITY OF HARRINGTON  
SCHEDULE OF MUNICIPAL GRANTS  
FOR THE YEAR ENDED JUNE 30, 2005**

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<u>Grants</u>	<u>Amount Received</u>
Municipal Street Aid	\$ 93,579.39
Police Pension	36,195.83
State Aid to Local Law Enforcement	7,262.00
Emergency Illegal Drug Enforcement	5,122.81

See independent accountant's report on applying agreed-upon procedures.